

GOVERNMENT OF THE VIRGIN ISLANDS
OF THE
UNITED STATES

PUBLIC SERVICES COMMISSION

IN RE)	Docket No. 289
)	Order No. <u>16</u>/2012
LEVELIZED ENERGY ADJUSTMENT CLAUSE)	
OF THE VIRGIN ISLANDS WATER AND POWER)	
AUTHORITY)	
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ORDER

WHEREAS, on February 15, 2012, the Virgin Islands Water and Power Authority (hereinafter, "WAPA" or the "Authority") filed a petition with the Virgin Islands Public Services Commission (hereinafter, "PSC" or the "Commission") seeking to decrease the Levelized Energy Adjustment clause ("LEAC") electric factor from \$0.347618 per kWh to \$0.345452 per KWh and decrease the LEAC water factor from \$15.74 per kGal to \$14.23 per kGal; and

WHEREAS, on March 30, 2012, the Commission met in Regular Session at the Port Authority Conference Room located at the Henry Rohlsen Airport on St. Croix, United States Virgin Islands; and

WHEREAS, On March 28, 2012, the Commission received the April LEAC Report of its technical consultants, Georgetown Consulting Group, LLC.; and

WHEREAS, the Commission adopted the recommendations of its Technical Consultants; and

WHEREAS, the Commission, based on the Technical Consultant's report, made the following findings:

1. That the assumptions of fuel pricing, sales of water and electricity, and the fuel consumption used in the Technical Consultant's report are reasonable and appropriate for the upcoming LEAC period; and
2. The amount of fuel consumed by WAPA in the production of electricity and water remains at a high level, and the Commission is troubled by these inefficiencies. The Commission is further troubled by the impact of unpaid Government accounts on WAPA's deferred maintenance; and

3. That a separate LEAC element of \$0.023 per kWh be included within the LEAC rate to fund the emergency generator and deferred maintenance, and independent advisory services be authorized pursuant to PSC Order No. 2/2012; and
4. That a LEAC rate of \$0.335096 per kWh (inclusive of the separate \$0.023 per kWh rate financing mechanism) should be set for the Electric Department beginning on April 1, 2012; and
5. That a LEAC rate of \$14.12 per kGal should be set for the Water Department beginning on April 1, 2012; and
6. The Minimum Filing Requirements (hereinafter "MFR") for future quarterly LEAC filings should be expanded to provide the following information regarding Government accounts, and electricity, and water production:
 - a. WAPA should present billing and collection data quarterly from government agencies that WAPA has identified as being a significant problem.
 - b. The MFR requirements for future quarterly LEAC filings should be expanded to provide the PSC Staff the Power Plant Production Reports for each island; and
7. That continued deficiencies in the required reporting mandated in the PSC's Order 4/2012 from the previous Water LEAC proceeding should be provided to the PSC by May 1, 2012; and
8. That WAPA should provide a report no later than May 1, 2012 on the reasons for the extended delay in getting the St. Croix Reverse Osmosis plant contract finalized, and the economic impact of this delay on consumers; and
9. That WAPA should provide no later than May 1, 2012 a complete reconciliation and explanation of any differences in the deferred fuel balances appearing in its accounting records with the deferred fuel balances being used by WAPA in the calculation of its LEAC rates.

NOW THEREFORE, it is hereby:

1. **ORDERED** that the Commission accepts and adopts the findings and recommendations of the Consultant's April 2012 LEAC Report, dated March 28, 2012; and
2. **ORDERED** that the Commission approves for the period of April-June 2012 an electric system LEAC of \$0.335096 per kilowatt/hour; and

3. **ORDERED** that the Commission approves for the period of April-June 2012 a water system LEAC of \$14.23 per kilo gallon/hour.

So Ordered.

For Commission

Dated: May 8, 2012


Donald G. Cole, Chair